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**BELLSOUTH**

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December 16, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, D.C. 20554

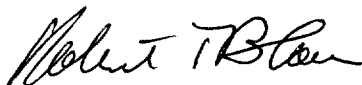
Re: Ex Parte in CC Docket 98-147

Dear Ms. Salas:

On December 15, 1998 Mike Tanner and I met separately with: i) Commissioner Harold Furchtgott-Roth and Kevin Martin; ii) Thomas Power; iii) Kyle Dixon; iv) James Casserly and Linda Kinney; and v) Paul Gallant. The purpose of these meetings was to explain BellSouth's written ex parte in CC Docket No. 98-147 that was filed with the Commission on December 9, 1998. A summary presentation used in the meeting is attached.

Pursuant to Section 1.1206(a)(1) of the Commission's rules, we are filing two copies of this notice and that ex parte presentation. Please associate this notification with the record of CC Docket 98-147.

Sincerely,



Attachment

cc: Commissioner Harold Furchtgott-Roth  
Kevin Martin  
Thomas Power  
Kyle Dixon  
James Casserly  
Linda Kinney  
Paul Gallant

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## **Compromise Approach Needed to Reduce Regulation of Advanced Services**

- **Existing proposal: Move advanced services equipment and business to separate affiliate; effectively eliminate regulation of advanced services and equipment and facilities.**
- **BellSouth proposal: Option to move advanced services business to affiliated CLEC, but leave equipment and facilities in ILEC; effectively eliminate most regulation of advanced services with some continuing regulation of equipment and facilities.**

## **Proposal for Alternative 706 Affiliate: Affiliated CLEC's Role**

- Provide advanced telecommunications services to customers, including end users and ISPs
- Operate as a non-dominant CLEC
  - Purchase advanced service capabilities from affiliated ILEC pursuant to nondiscriminatory contract
  - Resell affiliated ILEC's telecommunications services and purchase UNEs pursuant to nondiscriminatory interconnection agreement
  - Use same OSS interfaces as nonaffiliated CLECs
  - Collocation on same terms and conditions as nonaffiliated CLECs pursuant to nondiscriminatory collocation agreement
- May choose to deploy its own equipment and facilities
- Regulated no different from other CLECs

## **Proposal for Alternative 706 Affiliate: ILEC's Role**

- Deploy advanced service equipment and facilities on a fully integrated basis when desirable
- Transfer existing contracts with customers for advanced services to affiliated CLEC
- Discontinue advanced telecommunications services and withdraw tariffs
- Provide advanced service equipment and facilities only to CLECs under nondiscriminatory contracts
  - Offer non-affiliated CLECs and the affiliated CLEC exactly the same alternatives for access, including physical and virtual collocation and combination services
- No tariffs; no resale discount; no *Computer III* for advanced services
- Market and sell services of affiliated CLEC on exclusive basis

## Proposal for Alternative 706 Affiliate: Regulatory Conditions

- No ILEC obligations or restrictions on affiliated CLEC
- Degree of separation like cellular, unless affiliated CLEC also provides interLATA services that invoke Section 272
- Federal jurisdiction: Deregulation or, at least, non-dominant carrier treatment, including no price regulation, no application of *Computer Inquiry III* rules to affiliated CLEC's provision of enhanced services, etc.
- States: Identical treatment as non-affiliated CLECs, including no delays or discriminatory conditions on certification of affiliated CLEC or acceptance of its state tariffs, if any
  - Prompt enforcement of Section 253, if needed (preemption of state barriers to entry)

## **Proposal for Alternative 706 Affiliate: Regulatory Conditions (cont.)**

- Right to designate services as advanced services
- Permission for ILEC to withdraw advanced service tariffs at state and federal levels
- Right for ILEC to procure advanced telecommunications services for ILEC's enhanced services from advanced service affiliated CLEC without nondiscriminatory procurement obligation
- Right for ILEC (and its sales agents) to market and sell the affiliated CLEC's telecommunications and enhanced services without a nondiscrimination obligation
- Transfer of selected assets to affiliated CLEC without successor or assign obligations or restrictions under the 1996 Act, especially existing customer base
- Transition period
- Sunset affiliate requirement at same time as Section 272